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C O N F I D E N T I A L KATHMANDU 000538

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SUBJECT: INDIAN FOREIGN SECRETARY CONCERNED ABOUT POTENTIAL
CONFRONTATION IN NEPAL

Classified By: AMBASSADOR NANCY J. POWELL FOR REASONS 1.4 (B/D)

¶1. (C) Summary. In a June 21 meeting with Ambassador, Indian Foreign Secretary Menon expressed growing concern about the potential for confrontation between the military and the Maoists and about the lack of political leadership from the other parties. Menon said that COAS Katawal's confrontational attitude was matched by that of Maoist hardliner Kiran. He believed that Kiran's challenge to former PM Dahal within the party would result in escalating disruptions and a greater potential for violence even if the hardliners did not prevail. The Foreign Secretary elaborated his concern that there appears to be almost no attention to key governance and peace process issues by the other politicians. Without providing details, Menon appeared to be concerned about recurring reports of Koirala favoring a "Bangladesh" solution in which the military would take over and install a civilian leader. Menon indicated Delhi understands that UNMIN needs to be extended beyond its current mandate which ends on July 23. He suggested it might be useful to use the extension resolution to urge changes in the way combatant stipends are disbursed and to establish firm deadlines for Nepali action, with UN support, to remove and rehabilitate the 4000 non-combatants and begin the process of integration/rehabilitation of the 19,000 combatants.

¶2. (C) Ambassador met Indian Foreign Secretary Shivshankar Menon June 21 to discuss the current political situation in Nepal. Menon began the meeting by noting that his concern for Nepal had grown considerably since he had last met the Ambassador in Delhi in May and following his meetings on June 20 with Nepali political leaders and COAS Katawal. Menon had just completed the meeting with Katawal, whom he described as "spoiling for a fight". He said Katawal had been more bombastic than usual and seemed to have concluded that he alone is Nepal's savior and needed to remain in office beyond his scheduled September retirement. Menon said he had delivered a diplomatic, but clear signal to Katawal that an extension would not be welcomed by Delhi. He noted that he had not raised the issue with PM Nepal with whom he had met on June 20. When asked if the new Foreign Minister was more flexible on integration of Maoist combatants into the Nepal army, Menon said it was generally recognized in Delhi that a few thousand would have to be accommodated as individuals, not in units.

¶3. (C) Menon said that COAS Katawal's confrontational attitude was matched by that of Maoist hardliner Kiran.

According to Indian analysts, Kiran has made headway within the Maoist camp and has already achieved a major part of his agenda in getting the Maoists out of government and into the streets. Menon agreed that while the Maoist protests to date had been measured and did not appear to be generating public support, he believed that Kiran's challenge to former PM Dahal within the party would result in escalating disruptions and a greater potential for violence even if the hardliners did not prevail.

¶4. (C) The Foreign Secretary elaborated his concern that in the face of Katawal and Kiran's growing belligerency, there appears to be almost no attention to key governance and peace process issues by the other politicians. He described them as acting in their own selfish interest with an eye on future positions rather than to national interests. He noted that PM Nepal had said all the right things in their June 20 meeting, but had not shown any leadership since assuming office and seemed to be unable to break the focus on individual horse trading of positions rather than developing a program for peace and development in Nepal. Menon expressed concern about the motives and actions of former PM and Nepal Congress leader Koirala. Without providing details, Menon appeared to be concerned about recurring reports of Koirala favoring a "Bangladesh" solution in which the military would take over and install a civilian leader.

¶5. (C) Menon indicated New Delhi understands that UNMIN needs to be extended beyond its current mandate which ends on July 23, but expressed concern that the video tape of Prachanda bragging to cantonment cadres that UNMIN had been hoodwinked on verification of combatants and on funding calls into question its current operating procedures. He suggested it might be useful to use the extension resolution to urge changes in the way combatant stipends are disbursed and to establish firm deadlines for Nepali action, with UN support, to remove and rehabilitate the 4000 non-combatants and begin the process of integration/rehabilitation of the 19,000 combatants.

¶6. (C) Next steps. Post is developing set of talking points to be used by the Ambassador in her farewell calls on political leaders, and COAS Katawal, and in three scheduled media interviews. In addition, Ambassador will consult with the British Ambassador, who has taken the lead in convening the local P-5, concerning UNMIN mandate extension and Indian conditionality proposals.

POWELL